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Loved and hated

Eaton: One-man saga of changing fortunes in business and politics

By Robert G. McGruder

Until he was in his 70s, Cyrus S. Eaton presented an easy image for the world to deal with. He was the battling tycoon (the last of the breed), the financial wizard, builder of an industrial empire. And he was too tough and too smart for the money changers of Wall Street and the giants in utilities, transportation, steel and iron or the simple counting of shekels.

Then, at a time in life when most people have retired, when he was still holding a tight grip on a \$2.6 billion collection of railroads, iron mines, steel mills, coal mines, utilities and other interests, Eaton launched a career as a statesman and laborer for world peace.

Some people saw the tycoon of the earlier days as a stumbling, befuddled old man in this new role. He seemed to be a dupe of the Communists, a tool for their propaganda. He was called a fool and, perhaps, a traitor.

Someone who lives 93 years, as Eaton has, is bound to see some dramatic changes. In recent years he has seen this country adopt a policy of friendship and trade with Russia, take steps toward limiting weapons and increase its concern about abuses of power by the FBI, the Central Intelligence Agency and other arms of the government.

When Eaton raised those issues not too many years ago, there were angry letters to newspapers. Editorial writers and patriots in Washington, D.C., wanted him to shut up. Prosecution was suggested.

More often he was told that if he liked the Communists so much he should go live with them. His reply was that he liked it just fine in the world of capitalism. His concern was that that world might be blown up.

There is more to Eaton than the industrialist and financier and the statesman and laborer for peace. He has been a farmer, stock breeder, presidential adviser, student of philosophy and patron of scientists and thinkers.

He has been called Cyrus the Great and Sly Cy, a ruthless Napoleon and the philanthropic savior of towns and people. The Squire of Acadia Farms is a living link to another century and to the time when unfettered capitalism ruled and ruined. He did his share.

Eaton was born Dec. 27, 1883, in Pugwash, Nova Scotia. His father, John Howe Eaton, was a farmer and storekeeper in the village where lobster and lumber were the main industries.

Eaton arrived in Cleveland in 1901 — 17 years old, \$10 in his pockets, a desire to be a minister and no apparent ambitions for worldly things.

He was about to work his way through McMaster University in Toronto, but on the way he was to spend the summer with his uncle, the Rev. Charles A. Eaton, pastor of the Euclid Avenue Baptist Church. (The Rev. Mr. Eaton later became a congressman from New Jersey and chairman of the House Foreign Affairs Committee. He was a delegate to the 1945 conference in San Francisco that drafted the charter of the United Nations.)

Young Eaton found a job as a night clerk in the old Euclid Hotel at E. 14th St. and Euclid Ave., where his uncle was staying.

Eaton and his uncle were invited to dine one evening with a parishioner — John D. Rockefeller — and the boy's life was never the same. When Mrs. Rockefeller heard that he was a clerk in a downtown hotel she worried for his life and soul and asked, "Isn't there something he can do around here, John?"

Since John was the richest man in the world at the time, there was no problem finding a job for Eaton. He became a clerk, errand boy and social companion during summer vacations. Eaton learned from Rockefeller that "in a world where you have to eat three times a day, application to material things is mankind's first job and destiny."

The king of Standard Oil reportedly told him "there is a tremendous opportunity to do good for mankind through business, possibly more than you could accomplish in any other field."

And to get him started properly, Rockefeller told him the way to success: "Be sure to have some ownership or participate in the development of natural resources."

After graduation from McMaster University in 1905, Eaton returned to Cleveland and, although not an ordained minister, he became pastor of the new Lakewood Baptist Church.

He soon resigned and went into business.

His father was once asked if Cyrus showed any early ability in business. "None other than absolute trustworthiness," John Eaton said. "When he was a child of 6, I used to leave him alone in my store and he never failed my confidence. Cyrus as a boy was unusually reserved and would not mingle with anybody. If he did have ambition, no one knew it."

Soon a lot of businessmen knew it.

By 1910, at the age of 27, Eaton had made from \$3 million to \$4 million in utilities, and through mergers and purchases was head of one of the largest utilities empires in the United States.

He won control of Goodyear Tire & Rubber Co. and held major interests in B.F. Goodrich Co. and Firestone Tire & Rubber Co.

Then steel. With his personal check for \$20 million he purchased the financially troubled Trumbull Steel Co. of Warren. He bought more small steel and iron companies and from them emerged Republic Steel Corp., the third largest steel company in the country, in 1927.

He fought vicious financial battles. The king of the utilities at that time was Samuel Insull of Chicago. Eaton broke Insull's financial back and took his crown.

When Bethlehem Steel Corp., the No. 2 company, attempted to merge with Youngstown Sheet & Tube to form a more formidable competitor to Republic, Eaton fought Bethlehem in and out of court and won.

But now his Continental Shares Inc., an investment trust he had formed in 1926 as vehicle for his investments, began to unravel.

He was forced out of Continental Shares in 1931 and two years later the firm was forced to liquidate, the assets auctioned off to pay large bank loans. There was a loss of \$100 million and the devastated, bitter shareholders blamed Eaton.

With the collapse of Continental Shares, his personal fortune was said to have shrunk from \$100 million to almost nothing. He lost control of his companies.

Eaton himself has said, "My affairs underwent considerable shrinkage. But I did not lose everything."

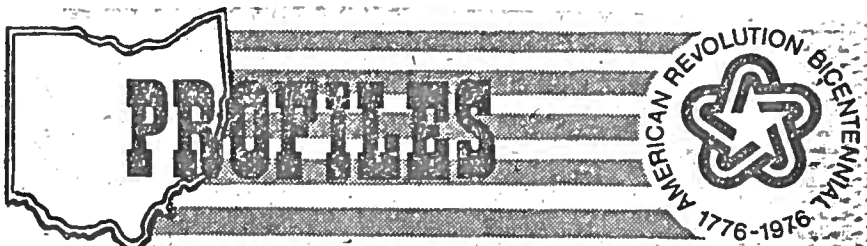
One sign of his financial trouble appeared in 1934, when his wife of 26

years was granted a divorce and the settlement provided that he pay her \$35,000 "if and when his net worth becomes \$105,000."

Through a series of bold undertakings — victories over his longtime enemies, the Wall Street bankers, and court fights with businessmen, politicians and the U.S. government — he came back. The fortune was built back to more than \$100 million.

In 1961, when Eaton was gaining more notoriety for his political views than his financial doings, *Fortune* magazine gave this partial accounting of his holdings: chairman of the board of the Chesapeake & Ohio Railroad; control of more iron ore than any man in the world; control of Detroit Steel and, through Cleveland-Cliffs Iron Co., ownership of stock in five steel companies; chairman of West Kentucky Coal Co., one of the nation's largest independent producers of bituminous coal; directorships in Sherwin-Williams Co., the paint manufacturer, Cleveland Electric Illuminating Co. and Kansas City Power & Light Co.

In recent years he has sold off



This is the final article in The Plain Dealer's bicentennial series of profiles of famous Ohioans.

many of these interests at great profits. In 1973 he was forced out of the chairmanship of the Chesapeake & Ohio.

With all Eaton's enthusiastic participation in the capitalistic system, people began to shake their heads in wonder and their fists in anger in the late '50s and the '60s when he began to urge friendship with the Soviet Union.

These were the Cold War years. The Communist threat was thought to be everywhere. All the while Eaton was wining and dining the Communists, suggesting we trade with them and allow them to run their system while we ran ours. It was too much for the late Sen. Thomas J. Dodd, D-Conn., who wanted Eaton prosecuted under the Logan Act, or for the House Un-American Activities Committee and various editorial and letter writers.

It was the U.S. government's own fault. The State Department in 1955 asked Eaton to play host to a group of touring Russian journalists who passed up the chance to see a football game so they could get a look at a real capitalist. Reluctantly, Eaton invited the group, which included Alexsei Adzubei, son-in-law of Nikita Khrushchev, to visit Acadia Farms.

It was the beginning of his close association with the Soviet Union.

In 1954, Eaton had announced plans to turn his Pugwash, N.S., estate into a vacation spot for authors, scholars, statesmen, labor leaders and businessmen. He would pick up the tab. The purpose was "to give thinking men of Canada and the United States an opportunity to relax together, exchange views, sharpen their own thinking and design formulas to live in this brand-new world."

The Pugwash conferences expanded to include representatives of many nations. In later years these conferences were credited with laying the groundwork for the first

Strategic Arms Limitation Talks (SALT).

The 1957 conference inspired Eaton, then 73, to work passionately for world peace. That 1957 conference included some of the world's foremost scientists, three of them Nobel Prize winners. The Soviet Union and Red China sent representatives.

They acted on an appeal made two years earlier by Bertrand Russell and Albert Einstein for scientists to "assess the perils to humanity which have arisen as a result of the development of weapons of mass destruction."

The conclusion of those at the conference that the misuse of nuclear energy could lead to the destruction of mankind drove Eaton into action the way the gathering of coal, iron and steel had fired him in the past. The once inaccessible Eaton became a public and controversial figure.

He toured Russia and Eastern Europe, received Communist leaders at Acadia Farms and entertained them in New York. The hated Khrushchev became his good friend. Eaton talked constantly about the need for peace and understanding, the necessity of avoiding nuclear confrontation.

Beyond that, he criticized the United States, blaming this country for the Cold War and stating that

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Eaton's fortunes shift with time

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politicians and people in government "have believed that communism is a frightful thing that ought to be destroyed and that any suggestion that it be allowed to live is betraying our country, and all of that is folly."

Eaton attacked what he called this country's spy network and said the United States was becoming a police state with a spy organization larger than Hitler's. He blasted what he called the snooping of federal agencies, such as the FBI, the CIA and the departments of Agriculture and the Treasury.

These remarks came at a time when FBI Director J. Edgar Hoover and others were saying that Communists and their front organizations were everywhere.

Eaton's statements and actions won him the Lenin Peace Prize in 1960, along with much animosity at home.

His defense against the criticism that he was too close to the Communists was that "my chief interest is to save capitalism in America from nuclear war... Because I say these things doesn't imply I favor communism. But I'm sure as anything that no power we possess can shift the socialist countries from communism.

"We ought to take the realistic view, get along with them instead of trying to destroy them."

Eaton's friendship with the Soviet Union quite possibly has served the United States. In 1963, the year he was predicting that we would eventually be selling wheat to the Soviet Union, Eaton is said to have assisted in saving the life of Francis Gary Powers, the U2 spy plane pilot downed in the Soviet Union.

People will never know, unless he decides to tell, of all the times Eaton's hand has helped push along great events. His rôle in the development of the St. Lawrence Seaway was not known until years later. Several years ago he revealed a part he played in getting ships to England at a crucial point in World War II.

Eaton appeared to quiet down in the 1960s as the public attitude toward the Soviet Union began to soften. But he bounced up again as a critic of the Vietnam War. In the 1970s he has visited Cuba and Fidel Castro and has frequently suggested that the United States abandon its policy of antagonism and instead try understanding and trade in dealing with Castro.

Eaton has never been truly active in the affairs of Cleveland. He ran his empire from the top of the Terminal Tower and gave the city a collection of iron, steel and paint industries. But he was involved in little else.

Former Mayor Carl B. Stokes, who was once a lawyer for Eaton and later received some political support from him, once said the powerful people who ran Cleveland always feared Eaton and were glad he did not try to muscle in on their games.

Many years ago Eaton warned Clevelanders of what was happening to their city. He said that if something was not done to halt the deterioration of downtown there would come a time when there would be no downtown. The business and industry would be in the suburbs.

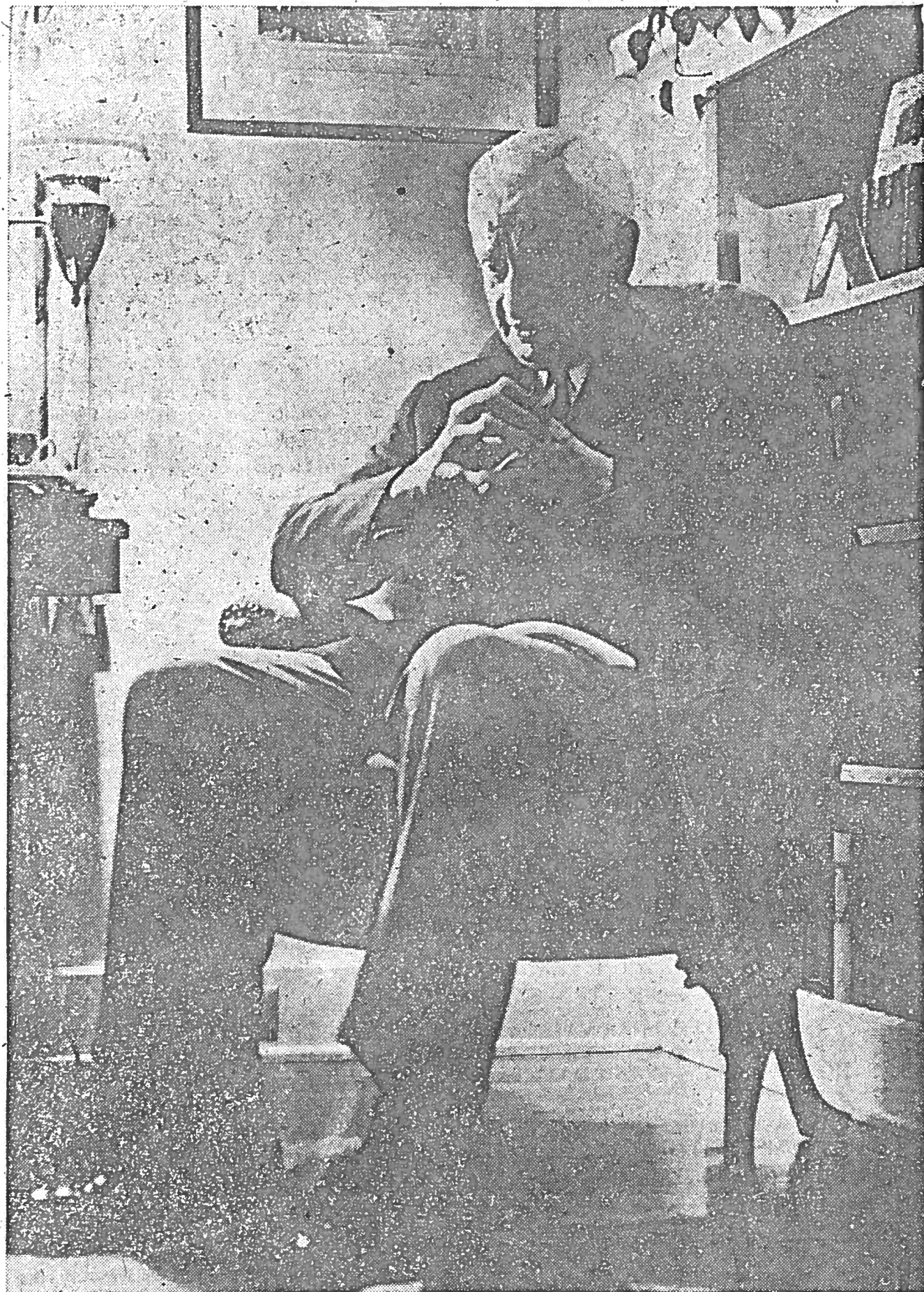
"He is 20 years ahead of his time in everything he does," his wife, Anne, once said.

Closing in on his 90th birthday in 1973, Eaton told a reporter of his determination to live to be 100.

The description of him that has been given for many of those years, "arctic hair" and "frosty blue eyes," the erect bearing and look of a college dean, have not left him.

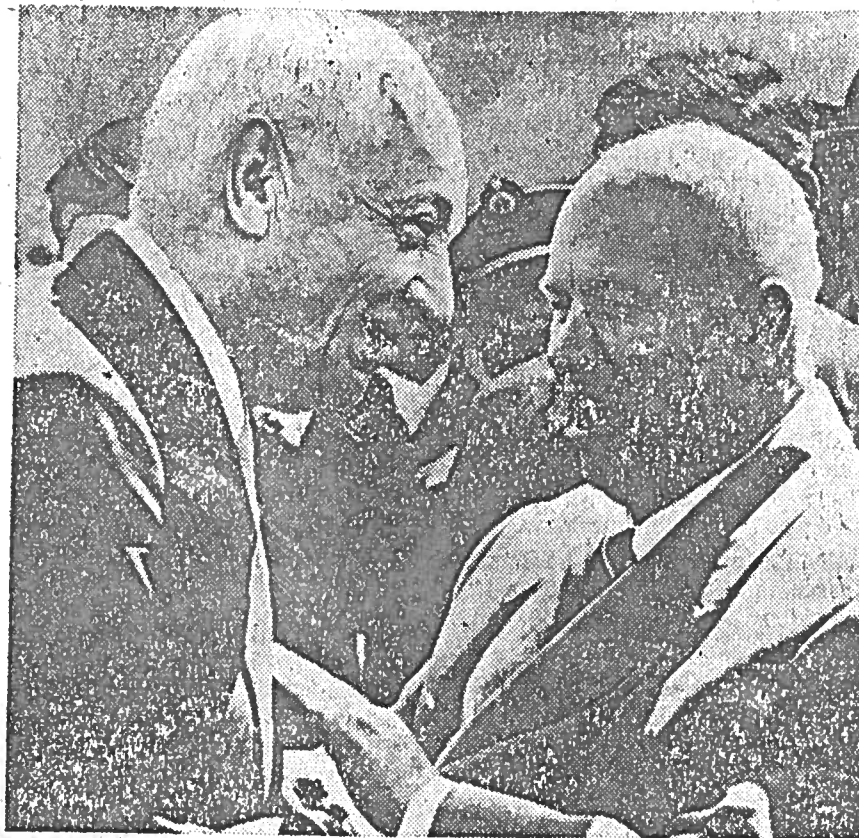
He still loves to read history and philosophy, to remain active and to tell the world on specific occasions what he is thinking.

So every once in a while there will be a call to a newspaper and the message will be that Mr. Eaton has something to say. Invariably, someone is not pleased.



Cyrus S. Eaton

The Plain Dealer



Cyrus Eaton meets with Communist world leaders, Cuba's Castro, left, and Russia's Khrushchev, at a time when such fraternization was not popular here. Cyrus Eaton reflects in his study at Acadia Farms.